



# House of Representatives

General Assembly

**File No. 110**

*January Session, 2005*

House Bill No. 6832

*House of Representatives, March 30, 2005*

The Committee on Banks reported through REP. DOYLE of the 28th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## **AN ACT CONCERNING THE FIELD OF MEMBERSHIP OF A CONNECTICUT CREDIT UNION.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-438a of the general statutes is repealed and  
2 the following is substituted in lieu thereof (*Effective October 1, 2005*):

3 (a) (1) Except as provided in subdivision (2) of this subsection, the  
4 field of membership of a Connecticut credit union is limited to (A) a  
5 single common bond membership, (B) a multiple common bond  
6 membership, or (C) persons within a well-defined community,  
7 neighborhood or rural district.

8 (2) The field of membership of a Connecticut credit union may  
9 include (A) members of the immediate family or household of all  
10 persons included under subparagraphs (A), (B) and (C) of subdivision  
11 (1) of this subsection, (B) organizers and employees of such credit  
12 union, (C) the surviving spouse of a deceased member of such credit

13 union, and (D) notwithstanding any change in employment,  
14 occupation, residence or other condition initially controlling the  
15 eligibility for membership in any Connecticut credit union, any person  
16 properly admitted to membership in a Connecticut credit union. Such  
17 person may continue membership therein during such person's  
18 lifetime.

19 (3) The field of membership of a Connecticut credit union under  
20 subparagraphs (A) and (B) of subdivision (1) of this subsection may  
21 include associations and organizations of individuals who are  
22 members of such credit union, partnerships in which the majority of  
23 the partners are individuals who are members of such credit union  
24 and, corporations in which the majority of whose shareholders are  
25 individuals who are members of such credit union.

26 (4) The field of membership of a Connecticut credit union under  
27 subparagraph (C) of subdivision (1) of this subsection may include  
28 groups located outside of the well-defined community, neighborhood  
29 or rural district such credit union serves that were within such credit  
30 union's field of membership at the time it converted from a field of  
31 membership specified in subparagraph (A) or (B) of said subdivision  
32 (1), provided such credit union's continuing relationships with such  
33 groups are not exclusive and, if authorized under this chapter, other  
34 Connecticut credit unions may also provide services to such groups.  
35 The commissioner may not approve an amendment to the bylaws of  
36 such a credit union under this subdivision unless the commissioner  
37 determines in writing that any potential harm that the expansion of the  
38 field of membership of such credit union may have on any other  
39 Connecticut credit union and its members is clearly outweighed in the  
40 public interest by the probable beneficial effect of the expansion in  
41 meeting the convenience and needs of the members of the group  
42 proposed to be included in the field of membership.

43 (b) Notwithstanding the provisions of subsection (a) of this section,  
44 the commissioner may authorize a Connecticut credit union with a  
45 multiple common bond membership to include in its field of

46 membership any person within a well-defined community,  
47 neighborhood or rural district if:

48 (1) The commissioner determines that the well-defined community,  
49 neighborhood or rural district is (A) an investment area, as defined in  
50 Section 103(16) of the Community Development Banking and Financial  
51 Institutions Act of 1994, 12 USC Section 4702(16), and meets any  
52 additional requirements that the commissioner may impose; and (B)  
53 underserved by other depository institutions, as defined in Section  
54 19(b)(1)(A) of the Federal Reserve Act, 12 USC Section 461(b), based on  
55 data of the commissioner and federal supervisory agencies; and

56 (2) The Connecticut credit union establishes and maintains a main  
57 office or branch in the well-defined community, neighborhood or rural  
58 district at which credit union services are available.

59 (c) Any Connecticut credit union that is so authorized to expand its  
60 field of membership under subsection (b) of this section continues as a  
61 Connecticut credit union whose field of membership is limited to a  
62 multiple common bond membership.

63 (d) (1) The commissioner may not approve an amendment to the  
64 bylaws of a Connecticut credit union with a multiple common bond  
65 membership to expand its field of membership to add a group of five  
66 hundred or more potential members, excluding individuals who are  
67 potentially eligible as members of the immediate family or household  
68 of a potential member, or persons within a well-defined community,  
69 neighborhood or rural district, unless the commissioner determines in  
70 writing that (A) the Connecticut credit union has not engaged in any  
71 material unsafe or unsound practice during the one-year period  
72 preceding the date on which the proposed amendment is filed with the  
73 commissioner, (B) the Connecticut credit union is adequately  
74 capitalized, (C) the Connecticut credit union has the administrative  
75 capability to serve the proposed membership group and the financial  
76 resources to meet the need for additional staff and assets to serve the  
77 new membership group, (D) any potential harm that the expansion of  
78 the field of membership of the Connecticut credit union may have on

79 any other Connecticut credit union and its members is clearly  
 80 outweighed in the public interest by the probable beneficial effect of  
 81 the expansion in meeting the convenience and needs of the members of  
 82 the group proposed to be included in the field of membership, and (E)  
 83 formation of a separate credit union by the group proposed to be  
 84 included is not practicable and consistent with reasonable safety and  
 85 soundness standards. A Connecticut credit union whose field of  
 86 membership is limited to a single common bond membership or  
 87 multiple common bond membership that acquires as potential  
 88 members persons within a well-defined community, neighborhood or  
 89 rural district, other than the well-defined community, neighborhood or  
 90 rural district specified in subdivision (1) of subsection (b) of this  
 91 section, by merger, expansion or otherwise, shall become a  
 92 Connecticut credit union whose field of membership is limited to  
 93 persons within a well-defined community, neighborhood or rural  
 94 district.

95 (2) The commissioner may withhold or condition an approval of an  
 96 amendment to the bylaws sought by a community credit union, as  
 97 defined in section 36a-37, under this subsection pursuant to the  
 98 provisions of section 36a-37d.

99 (3) The commissioner may approve an amendment to the bylaws of  
 100 a Connecticut credit union to change the field of membership without  
 101 regard for the common bond whenever the commissioner determines  
 102 that continued operation of the Connecticut credit union without the  
 103 proposed amendment may result in liquidation or merger of such  
 104 credit union.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2005	36a-438a

**BA**      *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

---

**OFA Fiscal Note****State Impact:**

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
Banking Dept.	BF - None	None	None

Note: BF=Banking Fund

**Municipal Impact:** None

**Explanation**

The bill allows Connecticut credit unions to expand their field of membership. The bill has no fiscal impact.

---

**OLR Bill Analysis**

HB 6832

***AN ACT CONCERNING THE FIELD OF MEMBERSHIP OF A CONNECTICUT CREDIT UNION*****SUMMARY:**

This bill expands Connecticut credit unions' eligible membership. Under current law, a credit union's field of membership is limited to (1) a single bond membership; (2) a multiple common bond membership; or (3) individuals within a well-defined community, neighborhood, or rural district. The bill provides that if a credit union converts from a single or multiple common bond membership to a field of membership consisting of individuals within a certain area, it may continue to serve groups outside the defined area if those groups were within its field of membership before conversion. However, the bill provides that such relationships are not exclusive and other authorized Connecticut credit unions may serve those groups as well.

The bill prohibits the banking commissioner from approving an amendment to the credit union's bylaws to allow the expansion unless he makes a written determination that the probable benefits of the expansion in meeting the convenience and needs of the individuals to be served under the expansion clearly outweighs, in the public interest, any potential harm to any other credit union.

EFFECTIVE DATE: October 1, 2005

**BACKGROUND*****Single and Multiple Common Bond Memberships***

A "single common bond membership" is a field of membership consisting of one group that has a common bond of occupation or association (e.g. employees of a company). A "multiple common bond membership" consists of more than one group that has a common bond of occupation or association within each group.

**COMMITTEE ACTION**

## Banks Committee

Joint Favorable Report  
Yea 18      Nay 0